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Chairman: Mr. Tilemans ..... (Belgium)
Chairman of the Advisory Committee on Administrative and Budgetary Questions: Mr. Mselle

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In the absence of Mr. Sharma (Nepal), Mr. Tilemans (Belgium), Vice-Chairman, took the Chair.

The meeting was called to order at 10.15 a.m.

Agenda item 117: Scale of assessments for the apportionment of the expenses of the United Nations (*continued*) (A/57/11, A/57/60, A/57/65; A/57/281-S/2002/895)

1. **Mr. Kulyk** (Ukraine) said that it was important for the Committee on Contributions to continue its work on refining the methodology for the apportionment of expenses, a fundamental element of which was the calculation of gross national product (GNP), or, according to the new concept, the gross national income (GNI), on the basis of exchange rates that allowed the conversion of national data into United States dollars. His delegation believed that market exchange rates (MERs) should continue to serve as the basis for calculations, while other exchange rates should be applied only in exceptional, carefully chosen cases. The price-adjusted rates of exchange (PARE) methodology was not yet fully established and could not yet reliably replace existing methodologies.

2. His delegation noted that the Committee on Contributions had given very careful consideration to possible measures to encourage the payment of contributions on time, in full and without conditions. Such measures could be justified only if they were of benefit both to the Organization and to Member States. It appeared, however, that the proposals before the Fifth Committee might have the opposite effect and undermine effective participation by Member States in United Nations activities, with serious political consequences for the Organization. Such measures should be considered only in connection with specific cases of accumulation of arrears and should be limited to the Organization's financial management.

3. With regard to the implementation of Article 19 of the Charter of the United Nations, his delegation remained unconvinced by the arguments advanced in favour of a net-net calculation applied every six months. In practice, such an approach could only defeat its purpose, since a growing number of Member States would fall under Article 19 and experience even greater difficulty in paying their contributions. It would penalize the less developed countries, above all, by limiting their participation in United Nations activities. Similar reservations applied to the introduction of interest rates on arrears or the withholding of shares in budget surpluses. Such measures would only aggravate the problem of arrears. It also believed that incentive or disincentive measures already exhaustively dealt with by the Committee on Contributions and not recommended to the General Assembly should not be considered by the Fifth Committee.

4. His delegation generally concurred with the recommendations of the Committee on Contributions relating to payment plans, which should remain voluntary and not be automatically linked with other measures. The practice of other international organizations, which might not be suitable for the particularly complex situation of the United Nations, should not necessarily be followed.

5. Lastly, his delegation supported the Committee's recommendation that the rates of assessment of Afghanistan and Argentina should be reduced, in view of the special economic situation facing those two countries.

6. **Mr. Tun** (Myanmar) said that his delegation associated itself fully with the statement by the representative of Venezuela on behalf of the Group of 77 and China. The United Nations must be given adequate resources to enable it to provide the ever growing number of services requested by Member States. In turn, Member States must pay their assessments on time and without conditions. They had a legal obligation to bear the expenses of the Organization, as apportioned by the General Assembly in accordance with the principle of capacity to pay. Developing countries, especially the least developed, should not be assessed at a rate inconsistent with that principle, even if adjustments were made to the scale of assessments or to the methodology for calculating arrears under Article 19 of the Charter. The multi-year payment plan was the best way for States to reduce their arrears. As the Committee on Contributions had recommended, however, the plan should be voluntary and not linked to other measures.

7. His delegation noted with appreciation the sympathetic consideration accorded to the request by some countries to be exempted from the application of Article 19 if they were experiencing financial difficulties beyond their control. It fully supported the recommendations of the Committee on Contributions regarding the requests by two Member States for reductions in their rates of assessment for 2003, as

provided for in rule 160 of the rules of procedure of the General Assembly. Such agreed reductions by reason of exceptional circumstances should not, however, create a precedent that could lead to similar requests in the future.

8. As a responsible Member of the United Nations and fully cognizant of its obligations under the Charter, Myanmar would continue to endeavour to pay its assessed contribution in full, on time and without conditions.

9. **Mr. Stańczyk** (Poland) said that his delegation associated itself with the statement by the representative of Denmark on behalf of the European Union and associated States. He nevertheless wished to address certain elements of the scale methodology and its application that were of particular relevance to Poland, which had seen its contribution rise by 80 per cent in 2001, 63 per cent in 2002 and 93 per cent in 2003. The size of the increases had been due to the complete abandonment of the scheme of limits, without the introduction of any compensating mechanism, even though the Committee on Contributions and the General Assembly had recognized that excessive variations in the assessment of a Member State in two successive scales should be avoided.

10. A number of proposals on how to mitigate such variations had been debated at the fifty-fifth and fifty-sixth sessions of the General Assembly. An innovative concept, proposed by France on behalf of the European Union, had been to annually update the economic data used, thereby creating a sort of rollover scale of assessments. His delegation looked forward to hearing the views of the Committee on Contributions on such a formula.

11. His delegation had other reasons to regret that its contribution under the 2001-2003 scale had been calculated on the basis of data for the period 1993-1998. The huge increase in its assessment was due not to strong growth or a greater capacity to pay but to the transformation from a centrally planned to a market economy, with the concomitant deep restructuring of whole sectors of industry and changes in prices, production costs and management methods and processes. The process of adapting to the standards of other European countries and the world economy had forced Poland to take drastic measures, with painful economic and social consequences, including the downsizing or closing of entire branches of economic activity (coal mining, the heavy metallurgical industry, shipbuilding, textiles) that were no longer competitive. His delegation therefore considered that the data on national income and per capita national income used by the Committee on Contributions did not at all reflect the real state of Poland's economy and instead artificially inflated its capacity to pay. The implications of that over-assessment were not limited to the scale of assessments for the apportionment of the expenses of the United Nations, since the scale served as a point of departure for calculating contributions to the peacekeeping budget and was also largely followed by the specialized agencies of the United Nations.

12. The scale of assessments for the period 2004-2006 would be based on statistical data ending in 2001. Judging by past experience, his delegation feared that national income data alone would again not adequately reflect the costs and impact of a continuing social and economic transformation, the real state of the economy or Poland's capacity to pay. The country had experienced a severe economic downturn during the previous four years, as opposed to the mid-1990s, which had seen considerable growth. Overall economic growth had been under 1 per cent and gross domestic product (GDP) had decreased.

13. Poland had written to the Chairman of the Committee on Contributions presenting in some detail various aspects of the social and economic situation that seriously affected its capacity to pay in 2002. Because of the base period on which the scale for the period 2004-2006 would be calculated, the inability to pay would not be fairly reflected. As stated in paragraph 129 of its report (A/57/11), the Committee had decided to consider the information provided at its next session, to be held in June 2003. His delegation trusted that the Committee would take that information into consideration during its work on refining the scale methodology and its application in the calculation of the scale of assessments for the period 2004-2006.

14. **Ms. Silot Bravo** (Cuba) said that her delegation associated itself with the statement by the representative of Venezuela on behalf of the Group of 77 and China. All Member States should meet their financial obligations under Article 17 of the Charter, but account should also be taken of the situation of countries not in a position to do so owing to circumstances beyond their control. In that regard, her delegation noted with satisfaction that the timely submission of requests and supporting evidence by the

States concerned had expedited the consideration of requests for exemption under Article 19.

15. It would be unwise to introduce too many new measures, but a multi-year payment plan would be one measure that could help countries in financial difficulties to settle their arrears. As the Committee on Contributions and the Group of 77 and China had recommended, such a plan, if introduced, should be voluntary and not automatically linked to other measures, since some countries might find themselves unable to submit a schedule of payment. Initiatives aimed at improving the application of Article 19 should be guided by practical rather than technical considerations, while seeking to safeguard the interests of all Member States.

16. The Committee on Contributions and the General Assembly should continue their consideration of the measures envisaged in such areas as the indexation of arrears, charging interest on arrears and use of budget surpluses.

17. Her delegation shared the view of the Group of 77 and China about the recommendations of the Committee on Contributions regarding the assessed contributions of the new Member States (Switzerland and Timor-Leste) and the reduction in the assessed contributions of Afghanistan and Argentina. It would, nonetheless, be useful if the Secretariat could provide the Fifth Committee with detailed information on the effect of those recommendations on the scale of assessments, taking into account the methodology for establishing the scale approved in General Assembly resolution 55/5 and the practice referred to in paragraph 105 of document A/57/6.

18. Her delegation would also welcome further information on the new conversion methodology considered by the Committee on Contributions, and especially on the criteria governing the use of exchange rates other than market rates.

19. **Ms. Afifi** (Morocco) said that her delegation associated itself with the statement made by the representative of Venezuela on behalf of the Group of 77 and China. It welcomed the recommendations contained in the report of the Committee on Contributions, particularly those relating to the multi-year payment plan. Capacity to pay was the main criterion in the establishment of the scale and every State had an obligation to honour its financial commitments to the Organization in full, on time and without conditions. A multi-year payment plan could help both to reduce the number of Member States falling under Article 19 of the Charter and to improve the Organization's financial situation. Her delegation therefore supported its introduction, although it considered that, while the submission of a payment plan in support of a request for exemption under Article 19 could be a positive factor in considering the request, the State concerned should not be penalized for failing to submit a plan if it had good economic, political or social reasons for being unable to do so. The submission of a plan should be voluntary and should not be linked to other measures.

20. With regard to the reduction in the contributions of Afghanistan and Argentina, she recalled that the provisions of rule 160 of the rules of procedure of the General Assembly permitted the consideration of appeals by those two States. Her delegation supported the recommendations of the Committee on Contributions in that regard.

21. **Mr. Al-Mansour** (Kuwait) said that his delegation supported the statement made by the representative of Venezuela on behalf of the Group of 77 and China and endorsed the recommendations of the Committee on Contributions concerning the appeals by Afghanistan and Argentina for a change in their assessments, as provided for in rule 160 of the rules of procedure of the General Assembly.

22. The main reason for the Organization's financial difficulties was not the methodology for calculating contributions but rather the fact that some Member States did not meet their financial obligations on time, in full and without conditions. Any change in the current methodology could have only a limited effect, so long as the problem of arrears owed by some Member States persisted. In order to place the United Nations on a solid financial footing, all of its Members must undertake to always pay their contributions in full and on time, like Kuwait and a few other countries.

23. Capacity to pay remained one of the main criteria to be taken into consideration in establishing the scale of assessments. The methodology for assessing capacity should be improved on the basis of more accurate, fairer and more transparent information. In accordance with the relevant General Assembly resolutions, particular account should be taken of the financial or other constraints faced by some countries,

notably the developing countries and those whose economies were affected by special circumstances.

24. **Mr. Kramer** (Canada), speaking also on behalf of Australia and New Zealand, recalled that in 2001 the Committee had agreed to defer until the resumed session its consideration of the Secretary-General's report on measures to encourage Member States in arrears to reduce and eventually pay their arrears (A/57/76). In view of the fact that multi-year payment plans and the tightening of the application of Article 19 of the Charter were part of the broader issue of reducing arrears, the Committee might choose to also defer consideration of the whole cluster until the resumed session. Meanwhile, however, he wished to make two comments on the matter.

25. First, the Committee should agree at the fifty-seventh session of the General Assembly to implement the decision taken two years earlier to calculate arrears on the basis of payments made against actual assessments issued rather than the gross amount. The current arrangements in many cases created the fiction of a credit where no payment had been made. Australia, Canada and New Zealand would also favour the semi-annual calculation of arrears as a further step to bolster discipline in accordance with the Charter. Even implementing what had already been agreed, however, would represent real progress.

26. Secondly, the Secretary-General's report on multi-year payment plans (A/57/65) highlighted many of the issues associated with such plans, which would enable Member States to show their commitment to paying their arrears. Australia, Canada and New Zealand generally shared the sensible approach of the Committee on Contributions to the issue, especially the idea that such plans should be voluntary and should be taken into account in the consideration of applications for exemption under Article 19. They welcomed the fact that four applicants for exemption in 2002 had submitted multi-year payment plans.

27. Australia, Canada and New Zealand could support the Committee's recommendation to reduce the rate of assessment for Afghanistan in 2003 and appreciated the steps that it had taken to obtain the available information and apply it to the scale methodology.

28. One of the most important matters before the Fifth Committee was Argentina's appeal for an ad hoc reduction in its rate of assessment for 2003 under the provisions of rule 160 of the rules of procedure of the General Assembly. The Committee could not but be receptive to the appeal, since Argentina faced both a significant increase in its assessment rate and a massive economic crisis which undeniably affected its capacity to pay. The discussion and the recommendations of the Committee on Contributions reflected the view that the United Nations had a part to play in responding to the unique circumstances confronting Argentina.

29. It was, however, with good reason that a high premium was attached to preserving the integrity of the scale of assessments once it had been agreed and the Committee had always been extremely guarded about acceding to appeals under rule 160 of the Assembly's rules of procedure, expressing doubt that individual adjustments could be made without a comprehensive review of all aspects of the scale. The agreed methodology was a means of determining the financial obligations of Member States under Article 17 of the Charter and it was therefore essential to be prudent in taking any decision that was not clearly based on the agreed methodology. Under the current methodology, however, Argentina's reduced capacity to pay would result in a reduced assessment only after several years. That vindicated the view put forward by Australia, Canada and New Zealand during the scale negotiations in 2000 that capacity to pay should be based on the most up-to-date information in order to be accurately reflected in the scale.

30. The measures recommended for Argentina were unprecedented. It was therefore not surprising that Member States would wish to be satisfied that they were indeed exceptional measures that were unlikely to lead to a proliferation of similar appeals. Decisions must be based on clear and transparent criteria and the method used to implement them must be clearly understood and compatible with the principles governing the scale. Australia, Canada and New Zealand would therefore have welcomed more information from the Committee on Contributions on the relationship between its recommendation and the scale methodology, an explanation of how the recommendation differed from decisions on past applications under rule 160 and further details of how it would be applied. A discussion of the criteria used for the evaluation of appeals under rule 160 would also have been useful. While the Committee might have been right to innovate in the face of singular circumstances, Member States would be better

disposed to respond to change if the rationale for the innovation were developed and explained in a comprehensive manner.

31. The Fifth Committee's decisions had consequences for the rest of the United Nations system and it would be useful to know whether the Committee on Contributions had taken that factor into account when considering the case of Argentina. It would also be useful to hear from the Secretariat about the procedures followed by the specialized agencies in response to any decision by the General Assembly to adjust rates within a scale period. By responding to the questions raised by Argentina's appeal, the Committee on Contributions would help the General Assembly to give a carefully considered response to the immediate circumstances, while putting the future functioning of the scale on a sounder footing.

32. **Mr. Al-Shamlan** (Qatar) said that his delegation endorsed the statement made by the representative of Venezuela on behalf of the Group of 77 and China and urged all Member States in a position to do so to pay their contributions on time, in full and without conditions.

33. With regard to Member States that were not in a position to pay their assessed contributions because of their economic situation, his delegation believed that the international community should show solidarity and give their case favourable consideration, with due regard to the principle of capacity to pay. With respect to Afghanistan and Argentina, his delegation fully supported the unanimous decision by the Committee on Contributions to recommend a provisional reduction in the assessment of those Member States until their current difficulties had been overcome.

34. Although it subscribed to the provisions of Article 19 of the Charter, Qatar recognized that some States were unable to pay their contributions during a given period and was therefore in favour of the idea of multi-year payment plans proposed in the report of the Committee on Contributions, on the understanding that the submission of such plans should remain voluntary. As stated in paragraph 18 of the report of the Committee on Contributions, due consideration should also be given to the economic circumstances of Member States, not all of which might be in a position to submit such plans.

35. With regard to the arrears owed by the former Yugoslavia, his delegation supported the measures that had been taken by the Committee, which was the body best placed to consider all aspects of such questions, in consultation with other United Nations bodies, where appropriate, and to provide the General Assembly with technical advice.

36. **Mr. El Atrash** (Libyan Arab Jamahiriya) expressed support for the statement made by the Group of 77 and China. He stressed that, while all Member States were required to pay their assessed contributions to the Organization on time and without conditions, in accordance with the Charter, the principle of capacity to pay should also be taken into account, in particular for Member States experiencing exceptionally difficult circumstances owing to factors such as unilateral sanctions, embargoes, acts of aggression or natural disasters.

37. The Committee on Contributions played an important advisory role and its conclusions and recommendations helped Member States take appropriate decisions. However, Member States requesting exemptions under Article 19 should respect the deadlines set and provide all of the financial and economic data required to support their appeals. The Libyan Arab Jamahiriya supported the recommendations of the Committee on Contributions concerning requests for exemption under Article 19 as well as requests for revision of assessed contributions submitted by Members and hoped that all Member States concerned would meet their financial obligations to the Organization as soon as possible.

38. His delegation welcomed the recommendations on multi-year payment plans contained in paragraphs 17 to 23 of the report of the Committee on Contributions. It believed that those measures should not be linked to any conditions and looked forward to other proposals the Committee on Contributions might put forward for improving the Organization's financial situation and encouraging Member States to reduce their arrears. The best practices of regional, international and intergovernmental organizations should be used in that regard. His delegation hoped that proposals would be made in respect of incentives for Member States that met their financial obligations, such as crediting budgetary surpluses to their accounts or giving them priority in the filling of certain posts.

39. His delegation had closely examined the new proposals for amending the current method of calculating arrears in application of Article 19 of the

Charter. It noted that, if such amendments were adopted, a large number of Member States, including many developing countries, would be subject to the application of Article 19. The current method should therefore be continued.

40. **Mr. Wittmann** (United States of America) said that his delegation shared the concerns expressed by other delegations regarding the financial situation of the United Nations and would be addressing the question in greater detail during the introduction of the Controller's report. It also recognized that some Member States faced circumstances beyond their control that delayed payment of their dues, and noted with satisfaction that the General Assembly had already recognized that circumstance earlier in the session by providing exemptions to those Members affected by the application of Article 19.

41. His delegation stood ready to support Member States that were willing to cooperate with the Organization by presenting plans for payment of their arrears. Although it agreed that those States should benefit from a certain flexibility in fulfilling their obligations, it was concerned that multi-year payments, like any credit plan, might lead to increased financial difficulties for those Member States if not properly managed. His delegation looked forward to continuing the debate on the issue.

42. The United States supported the recommendations of the Committee on Contributions concerning the appeals by Afghanistan and Argentina for modification of their assessed contributions. However, the differing interpretations of how rule 160 of the rules of procedure of the General Assembly should be applied should be examined in greater detail so that Members would have a clear understanding of what the rule meant. His delegation concurred with the Committee that the measures taken to correct the problem should not undermine the current scale methodology, given the difficulties involved in calculating the rate of assessments. That particular aspect would be addressed in 2003.

43. The United States noted with interest the proposal put forward by the European Union to utilize surplus assessments resulting from the accession of Switzerland and Timor-Leste in order to compensate for the effects of an ad hoc adjustment to the assessed rates for Afghanistan and Argentina for 2003. It looked forward to pursuing the matter in informal consultations.

44. **Mr. Zulu Kilo Abi** (Democratic Republic of the Congo) said that while, on the whole, he endorsed the statement made on behalf of the Group of 77 and China, he believed that the question of the dues of the former Yugoslavia should be considered on the basis of General Assembly resolutions 47/1 of 22 September 1992 and 47/229 of 29 April 1993, since the problem called for a political solution.

45. The Democratic Republic of the Congo was particularly well placed to appreciate the situation in Argentina, having itself experienced successive conflicts and economic crises; it thus fully supported a favourable response to Argentina's request. The same was true for Afghanistan, which was a low-income country, as the Economic and Social Commission for Asia and the Pacific (ESCAP) had stressed.

46. The Democratic Republic of the Congo was also in favour of the introduction of multi-year payment plans, provided that they were voluntary and not automatic.

47. **Ms. Wahab** (Indonesia) said that the Government of Indonesia emphatically condemned the bomb attack in Bali on 12 October. It wished to express its condolences to the families and friends of the victims of that most recent act of international terrorism, which was the worst Indonesia had known, as well as its appreciation to the members of the international community for their outpouring of sympathy.

48. Turning to agenda item 117, her delegation associated itself with the statement made by Venezuela on behalf of the Group of 77 and China. It was essential for Member States, especially the major contributor, to pay their dues in full, on time and without conditions, as required by the Charter. However, Indonesia, which was still recovering from its 1997 economic crisis, recognized that capacity to pay could be affected by difficulties beyond the control of Member States, a factor that the Committee on Contributions should take into account. It therefore supported that Committee's recommendation that the assessments of Afghanistan and Argentina for 2003 should be reduced.

49. Her delegation concurred with the Committee on Contributions that the submission of multi-year payment plans should remain voluntary rather than

being automatically linked to other measures. Her delegation also welcomed the accession of Switzerland and Timor-Leste to membership of the United Nations.

50. **Mr. Sessi** (Chairman of the Committee on Contributions) said that delegations had underscored the importance of meeting financial obligations under the Charter. Generally speaking, they had maintained that the submission of multi-year payment plans should be made more formal than was currently the case, although their views on the modalities of implementation differed. Delegations supported the recommendations of the Committee on Contributions concerning the assessed contributions of new Member States. They were also generally supportive of a reduction in the assessed contributions of Afghanistan and Argentina for 2003, although some appeared to be concerned that, although such a reduction was provided for in rule 160 of the rules of procedure of the General Assembly, it might eventually lead to an annual renegotiation of the scale.

51. The issue of the arrears of the former Yugoslavia had been looked at by the Secretariat from a legal perspective and its comments on the matter had been communicated by the Secretary-General to the President of the General Assembly in a letter dated 27 December 2001 (A/56/767). After considering the matter, pursuant to resolution 56/243 B, the Committee had reached the conclusions contained in its report. The key points in that report were that the question of how to treat those arrears raised a number of legal and political issues that exceeded the competence of a technical advisory body; there were no technical grounds for writing off the arrears; should the General Assembly decide to seek payment of the pre-dissolution arrears of the former Yugoslavia, it could invite the five successor States to seek agreement on their relative shares and would no longer need to consider the issue at the current state; lastly, should the Assembly decide to seek payment of some or all of the post-dissolution arrears of the former Yugoslavia, it would need to pursue the matter with the Federal Republic of Yugoslavia. The amount of arrears specified in the letter from the General Assembly totalled to $16,218,555. It had been reduced by $41,927 in 2002 (unused credit from peacekeeping operations), bringing the total to $16,176,628. The Assembly should also rule on two non-allocated credits, one amounting to $26,000 for the Working Capital Fund for the biennium 2000-2001, and the other amounting to $1,846.

52. The additional information requested by Ghana on the parameters to be used for the distribution of arrears could be communicated to the Fifth Committee in informal consultations, as could the information requested by Cuba on the impact of the recommendations of the Committee on Contributions on the scale of assessments and conversion rates. In connection with the latter, if the Fifth Committee agreed, a seminar could be organized by the Secretariat early in the fifty-eighth session to introduce Fifth Committee members to the methodology for the preparation of the scale of assessments, including the element concerning conversion rates.

53. In response to the questions raised by the delegations of Canada and the United States, no official criteria governing the implementation of rule 160 of the rules of procedure existed as yet and requests for exemption under Article 19 were therefore considered on a case-by-case basis. Lastly, although its report had not made it clear, the Committee on Contributions had considered the likely impact of its recommendation to reduce the assessed contributions of Afghanistan and Argentina on United Nations bodies as a whole.

54. **The Chairman** said that, if there was no objection, he would take it that the Committee had concluded its general debate on agenda item 117.

55. *It was so decided.*

Agenda item 111: Review of the efficiency of the administrative and financial functioning of the United Nations (*continued*)

Procurement reform (continued) (A/57/7/Add.1 and A/57/187)

56. **Ms. Armstrong** (Canada), speaking also on behalf of Australia and New Zealand, welcomed the recent progress made on the issue of procurement reform and urged the departments and organizations concerned to continue to work towards a transparent, cost-effective and accountable process that reflected the international character of the Organization. It was important to maintain the principle of awarding contracts to the most economical bids, bearing in mind quality and value for money.

57. A key issue in procurement reform was the harmonization and simplification of the process throughout the United Nations and its funds and programmes. The practices of the Procurement Division stood out in that regard and should therefore be emulated. The report before the Committee described the improvements under way at the United Nations Development Programme (UNDP), the United Nations Children's Fund (UNICEF) and the United Nations Population Fund (UNFPA). She would be interested in hearing about the progress made in other agencies of the United Nations system and the areas that still required improvement.

58. There was a need to simplify and harmonize the registration process for vendors who had already registered with another organization in the United Nations system. As stated in paragraph 26 of the report (A/57/187), the issue had been reviewed at the inter-institutional level. She wondered what recommendations had emerged from that review. The single Internet portal created to direct users to procurement information on various United Nations web sites was a step in the right direction, although few improvements had been made since its launch in the autumn of 2001. Even for those agencies that were featured on the web site, information was inconsistent and not always easy to find.

59. One means of harmonizing and simplifying the system would be to designate a single lead agency for the procurement of specific commodities and services. Such a concept would be particularly useful if it were accessible via the single Internet portal and if all funds and programmes participated.

60. **Mr. Eljy** (Syrian Arab Republic) welcomed the comments and recommendations of the Advisory Committee on Administrative and Budgetary Questions contained in its report on procurement reform. However, the measures undertaken appeared to have been insufficient, since there had been no significant improvement in the share of vendors from developing countries and countries in transition. He was particularly concerned at the disparities evident from the data provided in annex II to the report of the Secretary-General on procurement reform (A/57/187) and would appreciate clarification of the matter during informal consultations.

61. **Ms. Udo** (Nigeria) expressed appreciation for the work done by the Procurement Division since the adoption of General Assembly resolution 55/247, particularly the training of vendors from developing countries and countries in transition in procurement procedures. The ongoing objective, which should be integrated into the harmonized procurement-training programme being developed by the Inter-Agency Procurement Working Group for the United Nations system as a whole, must be to open access to procurement to all Member States.

62. Improvements in the Procurement Division's web site and the organization of seminars and briefings for vendors from developing countries were initiatives that deserved encouragement. The creation of a gratis vendor advertising facility on the United Nations web site for vendors from developing countries and countries in transition was a further welcome development.

63. The Advisory Committee had noted in its report that the statistics provided by the Secretariat revealed no significant change benefiting vendors from developing countries. The Procurement Division should work assiduously to remedy that worrying situation.

64. Her delegation noted with interest that the Procurement Division and the Department of Peacekeeping Operations were collaborating more closely than previously in many areas, including in the provision of assistance to potential suppliers. Such concerted efforts could help correct the imbalance that had been highlighted by the Advisory Committee. Her delegation encouraged the Secretariat to continue to take similar concrete steps to increase procurement opportunities for vendors from developing countries.

65. **Ms. Wahab** (Indonesia) welcomed the initiatives undertaken since the adoption of resolution A/55/247 to improve the efficiency, transparency and cost-effectiveness of the procurement process. It was a matter of concern, however, that, according to the Advisory Committee, the statistical data provided by the Secretary-General showed no significant increase in the level of procurement from developing countries, which in some cases even declined. It was thus vital for the Secretariat to intensify its efforts to disseminate information within the business sectors of developing countries about participation in the tendering process, including through the continued organization of business seminars and briefings.

66. Her delegation shared the concern raised by the Advisory Committee that provisional registration of vendors could lead to unequal treatment of companies wishing to be registered with the United Nations. It concurred with the Advisory Committee's observation that any vendor from any country should have an equal opportunity to register, and that only fully registered vendors who had received legal and financial background scrutiny should be eligible for contracts. Other questions concerning the report would be raised by her delegation during informal consultations.

67. **Mr. Toh** (Director of the Facilities and Commercial Services Division), replying to delegates' questions and comments, said that he agreed with the representative of the Russian Federation that the success of procurement reform owed much to the constructive dialogue between Member States and the Secretariat.

68. In response to the representative of India, he explained that the Information Network and Global System (WINGS) of the World Food Programme (WFP) was an internal management system to which access was limited, while the United Nations procurement process was open to anyone with a computer and Internet access.

69. Several delegations had associated themselves with the Advisory Committee's comments regarding the share of developing countries and countries in transition in United Nations procurement. In that regard, it should be noted that United Nations procurement was based on international competition in conditions of strict equality. The Secretariat could not therefore help vendors from those countries to win contracts; it could only help them by ensuring that they were aware of opportunities available to them. In that regard, particular care must be taken when interpreting statistics. Country attributions were made according to the location of the vendor, which was not necessarily the same as the country in which the product was manufactured or where the bulk of the cost would be retained. There was one exception: for food products, such as grain, whose origin was easier to determine, WFP used the exporting country as the criterion. The World Trade Organization had been grappling with the problem of rules of origin since 1995 with no success.

70. The geographic distribution of the procurement portfolio varied from one year to the next. For example, the share of developing countries and countries with economies in transition had increased from 36 per cent in 2000 to 38 per cent in 2001. However, a share reduction could also conceal an increase in real terms. For example, while the share of developing countries or countries in transition had fallen from 42 per cent in 1998 to 38 per cent in 2001, during the same period it had increased from $1.3 billion to $1.7 billion in absolute dollar terms. The data on the funds and programmes requested by South Africa were currently available on the Procurement Division's web site.

71. Systems contracts were used as much as possible and 90 of them were currently in place. For air transport services, however, they were not the most cost-effective option, since it was preferable to use a carrier with a plane near the point of origin in order to avoid heavy repositioning costs.

72. Provisional registration of vendors was simply a procedure that allowed vendors to participate in a bid, on the understanding that contracts would be awarded only after their registration had been duly processed in accordance with established procedures, and all necessary guarantees of the vendor's financial situation and integrity had been provided. In fact, provisional registration served to enhance equity among vendors and increase competition, in line with the Procurement Division's mandate.

73. With regard to payment delays, the average time taken to process invoices was down to 20 days, according to the Accounts Division, and only 14 per cent of invoices were more than 30 days old, with 4.5 per cent more than 60 days old. Member States should bring any anomaly of which they were aware to the attention of the Secretariat for investigation.

74. With regard to the Advisory Committee's comments on the use of brokers, the latter were used only for air cargo transportation, a niche market in which their in-depth knowledge was invaluable. He cited an example that illustrated the role brokers could play in the geographic diversification of service providers and in cost management. He also wished to stress that aircraft chartered using brokers as middlemen were subject to the same security rules as those chartered directly from the operators. His comments were intended to ensure that the Fifth Committee had all the facts before deciding whether to continue to involve brokers.

75. **Ms. Armstrong** (Canada) said that United Nations agencies should simplify and harmonize their procedures for the registration of vendors. The Procurement Division had already simplified the procedure for cases in which the value of the contract did not exceed $10,000. The members of the Inter-Agency Procurement Working Group had been discussing the issue for years, but had yet to reach a conclusion. Procedures differed, since needs were not always identical. Unlike development funds and programmes which operated within a mid- to long-term time-horizon and could thus shortlist tenderers, organizations such as the United Nations must be able to call upon pre-selected vendors at short notice. The Inter-Agency Procurement Working Group was nevertheless continuing its search for a solution.

The meeting rose at 12.10 p.m.